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ABSTRACT

With the support of a 3-year grant from the Fund for The Improvement of Postsecondary Education (FIPSE), the Higher Education Strategic Planning Institute has built a shared experience strategic planning database for college and university top-level management. The Performance Improvement through Strategy Analysis (PISA) program began in 1982 with the purpose of specifically addressing the issue of strategic analysis for colleges and universities. PISA uses data from three sources: the Higher Education General Information Survey, the U.S. Census Bureau, and participating institutions. It assists college and university planners in acquiring the tools and methods of planning for the survival and success of their institutions. PISA operates within a six step model: defining the nature of the business; identifying external threats and opportunities; identifying internal strengths and weaknesses; developing strategies; developing an operational plan; and managing strategically. The database also allows institutions to test alternative courses of action, under a convention called "what-if" analysis. Information is provided on the application of PISA and its model in a variety of settings. The most important project results have been applications of the six step model to a wide variety of planning processes in many settings. Several of the most important are described for eight state colleges and universities; three private liberal arts colleges; two associations and agencies; and two community colleges. Details on FIPSE budgeting and a summary report on the PISA project are attached. (SM)

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The PISA Project:

A Final Report

Presented to:

The Fund for the Improvement of Post Secondary Education

August, 1986

U.S. DEPARTMENT OF EDUCATION
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The Higher Education Strategic Planning Institute has built a shared experience strategic planning database for college and university top-level management. This PISA (Performance Improvement through Strategy Analysis) program focuses on strategies related to relative market share, educational product development, and financial performance. PISA utilizes data from three sources: HEGIS, U.S. Census Bureau, and participating institutions. The data is run through a HESPI-developed model to produce indicators illustrating the participating institutions' performances relative to those of competing institutions, peer institutions, and national norms. The database also allows institutions to test alternative courses of action, under a convention called "what-if" analysis.

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Executive Summary

Performance Improvement through Strategy Analysis
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A. Project Overview

The PISA program began in 1982, with the growing realization that top-level administrators in colleges and universities were not being provided with the information and data needed to make informed decisions concerning the future of their institutions. HESPI sought to rectify this problem by building a database to maintain and analyze the relevant data, within a strategic planning framework. With help from the Fund for the Improvement of Post Secondary Education (FIPSE), HESPI designed, built and applied this database management system. During the course of PISA's development, the model and its applications were expanded, and served not only college and university administrators, but management in associations, international organizations, and other agencies. The outcome of this project was a finely developed six-step strategic planning model and database with applications in educational and other management environments.

B. Purpose

The PISA project was initiated in order to specifically address the issue of strategic analysis for colleges and universities. As enrollments decline, economic circumstances change rapidly, and competition among higher education institutions intensifies, effective tools and methods to plan for the survival and success of institutions are essential. The PISA program assists college and university planners in acquiring these tools. Through information gathering, staff training, and analyses, within a six-step model, PISA helps participating institutions to clarify institutional mission and emphases, plan future educational and service offerings in light of long term market trends and competing institutions, and tighten budgets and reallocate resources to meet priorities.

The PISA process centers on developing the tools for dealing with three factors which HESPI has identified as crucial to an institution's success: **educational product definition** (i.e. understanding and characterizing the institution's educational product); **market understanding** (i.e. thoroughly comprehending the institution's present and potential student population as well as the institution's position vis-a-vis competing institutions); and **financial flexibility** (i.e. analyzing the institution's ability to shift resources to meet changing institutional needs).

The framework within which PISA operates is a **six step model:** defining the nature of the business; identifying external threats and opportunities, identifying internal strengths and weaknesses, developing strategies, developing an operational plan, and managing strategically.

C. Background and Origins

The PISA program was given a tremendous boost in September 1983, with a grant from FIPSE. The initial analysis began in cooperation with the Strategic Planning Institute of Cambridge, MA. PISA is modeled after SPI's PIMS (Profit Impact of Marketing Strategies) analysis, a corporate strategic planning model. PIMS began in the 1960s at General Electric as a way to monitor and assess the strengths of various product lines and proposed business strategies. HESPI's and SPI's initial research using three test institutions (Northern Virginia Community College, Northern Illinois University, and Manhattanville College) indicated that the PIMS model was applicable to the higher education environment. Subsequent work was carried out exclusively by HESPI.

HESPI is a small research and consulting institute located in the National Center for Higher Education, in Washington, DC. The PISA project was the first major developmental research project carried out by HESPI, and was funded not only by FIPSE, but other foundations as well, such as the John D. and Catherine T. MacArthur Foundation, the Exxon Education Foundation, and the Metropolitan Life Foundation. In a sense, PISA represented a startup project for HESPI. As such, with limited resources, it is inevitable that early work was continually evaluated, definitions reformulated, and tasks refined to reflect accumulating experiences. From this process, PISA has been developed and tested, and has proved valuable to institutions seeking to understand, and to adjust to, their changing environments.

D. Project Description

FIPSE's funding helped support three major phases:

During Year I, FIPSE supported HESPI's planning efforts with the Strategic Planning Institute. The following activities took place:

a) analysis of institutional data using a revised version of SPI's PIMS Limited Information Model;
b) strategic planning training for college and university personnel involved in HESPI's project;
c) HESPI adaptation of SPI/PIMS Limited Information Model to colleges and universities;
d) marketing of model to additional test sites;
e) expansion of PISA research and development funding base.

During Year II, FIPSE supported the HESPI model development, as HESPI worked with Systems Research, Inc. and Valkyrie Associates. The following activities took place:

a) building of the strategic planning database for colleges and universities, and the implementation of the hardware and software designs;

b) setting up of a service to provide colleges and universities with the capability to analyze market strategy, educational product definition, and financial flexibility, and to compare themselves to peers and competitors;
c) use of the service in conjunction with consulting services with specific institutions.

The final year, Year III, of FIPSE funding encompassed the HESPI model dissemination phase. The following activities took place:

a) additional research and market testing;
b) analysis of additional test institutions;
c) development of national norms for PISA indicators;
d) expansion of PISA model applicability to a variety of planning settings.

E. Project Results

The PISA project had several major results. First and foremost, the computer **data base** was designed, built, and applied to many institutions. The information and data sources necessary to build the system were identified and gathered, and the body of knowledge crucial for higher education decision-making was unified within a structure which remained flexible enough to apply to many different situations.

The project also resulted in an expansion of the **six step model** to a variety of situations. PISA proved invaluable in a number of consulting situations not originally intended as PISA analyses. PISA and its six-step model were applied to small liberal arts colleges, large state colleges and universities, associations, and international organizations. As part of its work with the World Bank, HESPI was able to demonstrate the applicability of strategic planning concepts developed for American institutions to educational institutions in developing countries.

Finally, the **visibility** afforded to PISA through workshops and presentations resulted in major initiatives undertaken by states to apply strategic planning on large scales. The range of concerns has been broadened in some cases, to include state-level issues of quality image, quality programs, quality graduates, and the relationship of quality education to economic development.

A. Project Overview

The Higher Education Strategic Planning Institute, a not-for-profit Washington, DC-based research and consulting firm, applied for FIPSE funding in order to aid the building of a shared experience strategic planning database for college and university top-level management. Called the PISA (Performance Improvement through Strategy Analysis) program, the project adapted software models and management principles (developed for manufacturing and service industries) to the management of colleges and universities. More specifically, it focused on strategies related to relative market share, relative program quality, and financial flexibility.

In a time of scarce resources, college and university administrators must make critical decisions regarding program introduction, expansion, maintenance, cutback, and elimination. These decision-makers are often limited by a lack of information on such strategic factors as the market viability of a program, the strength of the competition, and an understanding of current and potential market position. The strategic planning database which HESPI has developed examines background conditions and strategies designed to improve a college or university's position, and has proved to be of enormous value to decision-makers.

For this research and development project, HESPI pulled together a team of professionals with expertise in college/university and corporate strategic planning, product development, market positioning, financial modeling, statistical analysis, and computer software design. Phase I of the project focused on the applicability of corporate analysis of relative market share, relative program quality, and return on investment to college and university management. In this phase, HESPI was assisted by the Strategic Planning Institute of Cambridge, MA. Together, HESPI and SPI experimented with SPI's PIMS analysis to show definite correlations between the experience of business and the experiences of HESPI's three test institutions (Manhattanville College, Northern Illinois University, Northern Virginia Community College) on the same sets of strategic factors.

Using this corporate base, Phase II involved the actual building of the prototype database specifically for colleges and universities, and testing on several institutions. The first two phases of the project produced consistent patterns of institutional experience which enabled the objectives of the project to be sharpened. These patterns revealed three factors which appeared to play a critical role in the success of an institution's strategy: 1) the clarity with which the institution defined its educational product; 2) the degree to which it understands its market; and 3) the amount and nature of its financial flexibility.

Phase III of the project produced the design of the computer PISA models capable of assisting colleges and universities by analyzing a) variations from peer group norms and b) alternative courses of action. Phase III also

involved expanding the shared experience base of information as additional institutions were added to the database. Phase II also involved gathering and putting on-line data from extra-institutional sources such as HEGIS and the U.S. Census Bureau.

Phase IV, the final phase of the project, involved both institutionalizing PISA and expanding and testing its applicability to college/university strategic planning. The foundations upon which PISA is based were strengthened and the formal model applied to planning practices in a variety of settings.

B. Purpose

In analyzing the experiences (and failures and successes) in the market place, college adminstrators have often been at a distinct disadvantage; few have been trained in such strategic planning concepts as market share, competitive analysis, and the positioning of their institutions and programs. They have also not felt the need to examine market forces. Recently, however, college and university administrators have begun to analyze their revenue position in light of present and forecast enrollments, realize they must update programs and services to meet changing technology, pay attention to customers' perceptions of quality and/or image,, study competitor offerings, and design strategy in light of these external and internal environmental forces.

At the same time, however, the manner in which these data and information are organized and assessed is crucial. Higher education administrators have not had a common body of experience with comparative data to draw on which reflects the experiences of other colleges and which shows how other administrators grappled with planning issues. They have not had the analysis to illustrate the relationship between strategic market factors and operating effectiveness factors such as revenues generated by specific programs and the costs of these programs, faculty salaries and costs, overhead rates, tuition and pricing factors, etc.

Recently, a number of consultants and research centers have started to advise individual college administrators and boards of trustees about strategies for their particular environments. HESPI anticipates that this activity will result in exciting new strategies supported by changes in institutional operating plans. Thus, strategic market planning will not only affect the image of the college, but make substantive changes in its operations as well. Over time, this should influence the ways in which a larger number of academic administrators do business. However, as long as headway in this area remained at the level of individual institutions, progress continued to be slow. The way to speed up needed progress and give college administrators the necessary comparative dimensions to their decisions was to build a knowledge base of shared experiences. This database would compare colleges in similar market positions with similar operating factors, and would focus on end results of strategy decisions.

The unique aspect of PISA is its integration of financial, market, and program factors. For college and university leadership, the field of research-based indicators is spotty. Existing financial ratios which are used do not combine financial factors with market and program factors. Thus, an institution could be financially successful or unsuccessful without an understanding of factors which contribute to the end result. What was needed, therefore, were success and failure indicators for higher education, which would assist college presidents as they administer, manage, and develop strategy for their institutions. The PISA system provides just such assistance.

D. Project Description

The PISA model developed and integrated into the database focuses on the three factors identified as critical for institutional success: 1) the clarity with which an institution defines its educational product; 2) the degree to which it understands its market; and 3) the amount and nature of its financial flexibility.

As important as the identification of the factors themselves was the development of indicators which could effectively measure the factors in a given institution. The PISA model tests clarity of educational product definition by examining: consistency of presentation, distinctiveness, extent and nature of self-evaluation, standard freshman quality, variety of traditional product line, and emerging products. PISA tests the degree to which an institution understands its market by measuring factors such as breakeven enrollment, local market penetration, attrition, marketing efficiency, pricing, geographic concentration, and alumni support. Finally, PISA tests financial flexibility by measuring the institution's solvency, debt service coverage, diversity of support, variable to fixed costs, efficiency of faculty dollars, and efficiency of physical plant dollars.

The PISA database itself has three parts. While the three parts are separate and distinct elements of the database, they all serve to help determine the success of an institution's decision-strategies.

Data for analyzing an institution's educational product definition are gathered on an institutional questionnaire. This questionnaire has been developed by HESPI and guides the institutions in gathering and assessing the necessary data to provide insight into an institution's understanding of strategic planning.

Data for analyzing the institution's market understanding is twofold: part is gathered through the use of the institutional questionnaire, while part consists of 1980 U.S. census data and commercial census updates.

Data for analyzing an institution's financial flexibility are taken from the National Center for Education Statistics' HEGIS (Higher Education General Information Survey) surveys. Several HEGIS data forms are used: financial characteristics, enrollment figures, faculty salary characteristics, and earned degree characteristics.

As a whole, the database supports both intra-institutional analysis across several years (for institutions which participate several years running) and inter-institutional analysis, comparing client institutions with peer groups of institutions, with specified competitors, and with national averages.

The PISA process as a whole has been designed as more than just a database, however. HESPI has developed a multistage process through which strategic planning is brought to campuses.

At each participating institution, the PISA process begins with a groundwork seminar for the president and planners (usually a team made up of admissions and financial officers, deans and faculty involved in planning, and, in some cases, trustees). The seminar creates the foundations for an ongoing strategic planning procedure by identifying the institution's priority issues, exploring data requirements, and initiating the six steps of strategic planning.

The seminar opens by focusing on the unique situation of the participating college or university. Issues considered are, for example, enrollment, quality, image, and/or morale. Data requirements are also explored, with the PISA questionnaire reviewed and any supplementary data needs identified. The seminar also initiates the six steps of college/university strategic planning. It is the ability of the college or university's president and planners to think strategically about priority issues at their institution in light of pertinent data gathered that makes an institution capable of seizing opportunities and dealing effectively with constraints. The framework for effective decision-making strengthens as the institution initiates the six steps: 1) defining the business of the institution; 2) analyzing the external environment for opportunities and threats; 3) analyzing the internal environment for strengths and weaknesses; 4) developing appropriate strategies; 5) developing an operational plan; and 6) managing strategically.

After the groundwork seminar -- and based on the exploration of data requirements -- the participating president and planners complete the data forms provided by HESPI; the president completes a strategic profile while others complete financial and market profiles.

In the third step of the PISA process, the institution receives its strategic analyses. The PISA model is based on established national norms of higher education performance and utilizes equations and ratios adapted from established research experience and expert judgement. The institution receives several reports: an **institutional performance analysis**, identifying strengths and weaknesses in relation to the three underlying themes

(educational product definition, market understanding, financial flexibility), as shown by PISA indicators; an **internal trend analysis**, comparing performance changes of the institution over several years; and a **competitive analysis**, tailored according to the needs of the institution and comparing the institution to identified peer institutions.

The PISA database does not stand alone. It rests upon the foundation established by the six-step model and by strategic planning processes established over time. As a process, strategic planning requires changes in attitudes and operational processes throughout college campuses. Committees need to be established to analyze and deal with the major components of HESPI's process: business definition, internal analysis, external analysis, operational planning, and strategic management. It is crucial that a guide to this process exist to aid campus administrators as they institute strategic planning on their colleges and universities.

One important result of HESPI's PISA project was the publication of such a guiding document, A Trustee's Guide to Strategic Planning, by Marina Buhler-Miko. The Trustee's Guide complements and brings added exposure to HESPI's six-step model. It was supported in part by the John D. and Catherine T. MacArthur Foundation, the Association of Governing Boards, and the National Association of Independent Colleges. In the first three months of publication over 750 copies were sold, to presidents, vice presidents, deans, directors of planning, independent associations, and other interested individuals. Orders were received from institutions of every size, public and private, and from all regions of the country. In the year since, a second run of 1,000 copies has also nearly sold out. In addition to single copies, HESPI has received many multiple-copy orders, as the book is very often used by entire groups of trustees, faculty planning committees, or strategic planning courses in universities. For example, 100 copies were recently purchased by Harvard University for use by the University's Institute for Educational Management. The Law School Admisssions Council also recently purchased 300 copies for use by law school admissions deans. Other schools, such as Washington and Jefferson College and Central Missouri State University, also purchased copies for all of their trustees and many of their faculty.

E. Project Results

PISA and its model have been applied in a variety of settings over the past years in order to fulfill the objectives of this project. The objectives, in addition to designing and building the model, have been stated as: visibility, market testing the model, and increased research into strategic planning for colleges and universities. Other prospects have included targeting the public audit procedures of CPA firms assisting college leadership, and joint venture work with these CPA firms. The most important project results, however, have been applications of HESPI's six step model to a wide variety of planning processes in a wide variety of settings. Thus, the model developed here has found wide acceptance and has served as the

foundation for a considerable number of higher education strategic planning projects, some of which are ongoing and some just getting started. Several of the most important are described here:

STATE COLLEGES AND UNIVERSITIES

Nebraska State Colleges

This project involved the competitive positioning of each of the four state colleges, based on each institution's strengths and weaknesses. After training the leadership of each institution in strategic planning, discussion centered on the regional differences among the institutions, and how these differences can be used strategically and advantageously. What emerged from this work was a realization of the opportunity for each institution to get involved in the economic development of the area, without at the same time competing with the University of Nebraska - Lincoln. The project thus resulted in the opportunity for the entire system to get involved in the revitalization of the state's economy. HESPI staff met with the Governor of the state to present the case for the relationship between economic development and educational planning; this resulted in a Board resolution to focus on the economic development of the state of Nebraska.

Central Missouri State University

This project focused on four priority areas identified by CMSU leadership as important for the future of the University. These priority areas were: teacher education, the importance of a liberal arts core, the importance of a technology thread throughout the curriculum, and university ties with business and industry. At a University-wide workshop conducted by HESPI, each department brainstormed operational plans to enable the department to move forward on the priority areas. This in turn affected the university's response to the Coordinating Board's request for a master plan.

Council on Public Higher Education in Missouri

HESPI has been retained by COPHE to design and implement a quality assurance project for all of Missouri's public institutions of higher education. The project will focus on strategic planning training, the identification of workforce needs for the state, and the assurance of quality graduates (by means of entry and exit tests, and other home-grown assessment measures) from Missouri institutions capable of contributing to an expanding state economy. This project will involve the use of strategic planning data to infiuence institutional priority and mission statements and what can be expected vis-a-vis quality. The projects starts this fall, and will affect mission statements at 13 institutions.

This project has enormous opportunity for national visibility as the Governor of Missouri is head of the National Governors Task Force on College Quality. This project represents an opportunity for Missouri to put into action the Task Forces's recommendations, and thus the Governor will be watching this project closely.

California State University - Los Angeles

HESPI's project with Cal State - LA involved an expanded market and market positioning study of Cal State - LA and its LA area CSU competitors. HESPI's analysis focused particularly on minority markets, and developed a methodology for combining market analysis with strategic planning. HESPI's analysis is applicable to any geographic location with large minority markets and several competing institutions. This project was a specific example of the value of bringing demographic data into focus as it relates to the future of an institution. Although many national figures have tracked the issue of minority growth, and have raised public awareness of the issue, they have not made clear to college and university leadership how this data ought to be integrated into institutional planning efforts. HESPI has made it clear, in this project, how demographic changes should be incorporated into planning concerns.

Northern Illinois University

Northern Illinois University served as one of HESPI's original PISA test institutions. Through this original analysis, HESPI identified one of the major planning concerns for NIU: should the institution target certain types of students and concentrate on remedial needs of freshmen, or should the institution remain a comprehensive university seeking to expand its professional programs? Through its original PISA analysis, HESPI was able to demonstrate to NIU that if they begin to specifically address remedial needs, the institution would begin to compete for students within its own feeder community college populations. Thus, NIU decided not to take that route.

HESPI also worked with NIU as a consultant-advisor on the type of analysis needed to examine the feasibility of upgrading the institution's engineering technology department to a school of engineering. HESPI wrote the original proposal for the assessment necessary to examine the institution's probable niche within the engineering market. Although HESPI did not receive the project*, HESPI prepared a case study illustrating how an institution uses strategic market data to argue its case for upgrading programs. The case study, to be published by Harvard University, illustrates how an institution can be successful in gaining necessary state approval by demonstrating the numbers of students who needed to go out-of-state to get this program and by a careful analysis of the opportunities in its particular business environment.

In addition to serving as an original test institution, NIU has recently retained HESPI to work with its Deans and Department Heads on a strategy which would enable NIU to realize its potential as the leading economic development/high technology institution for the western suburban area of Chicago. The focus on this project will be on identifying business and industrial needs in the area, on determining NIU's ability to provide well-trained graduates to fill that need, and on enabling deans and department heads to come up with the programs to address this opportunity.

The California State University System*

HESPI recently bid on three projects through the CSU system, all concerned with the strategic positioning of off-campus sites for University Centers. Although HESPI did not receive the projects, it was noted by Bill Mason, Director of Analystic Services, that HESPI's proposals were the first proposals of this nature to be set within a strategic framework. It was made known to us that the system office was intrigued by this approach to planning and is interested in seeing it in action, underscoring HESPI's contention that proper strategic planning for higher education is a relatively new concept. Higher education administrators are trained in an older model, and much work needs to be done in getting this new model up and running and accepted in the higher education world.

Tuskegee University

HESPI recently completed an analysis for Tuskegee's Board, examining the future positioning of the institution as an historically black college. This analysis included a breakdown of the changing external environment, and the types of internal adjustments which would be needed to meet these changes. This analysis was presented to the Board in May and is under consideration for its implications for the planning process.

HESPI also bid on an internal project, to be funded by Kellogg. This project would have involved a redefinition of the mission, role, and scope of Tuskegee within its changing environment. Although HESPI did not receive this project*, again it was the first time such an undertaking had been proposed within a strategic planning framework, with in-depth attention to be paid to educational product definition within the changing external environment for historically black institutions.

University of Alaska

Last year, HESPI bid on a project at the University of Alaska-Anchorage*; the proposal involved utilizing the PISA model and its variables as a model for the design of a computer system for UAA. The university wanted to be able to use the PISA system and its range of variables to formulate its own strategic planning process within the model developed by HESPI.

PRIVATE LIBERAL ARTS COLLEGES

Washington and Jefferson College

HESPI's project with Washington and Jefferson College focused on making their institutional self study a strategic self study. This year long project was funded by a CAPHE strategic planning grant. Washington and Jefferson is a small liberal arts college which had never before carried out any strategic planning; the focus of the grant was to get strategic planning going on campus. The project had several major results: HESPI reinforced, through the use of data concerning external opportunities for the institution, Washington and Jefferson's thoughts about building an entrepreneurial center. HESPI also reinforced and stressed to Washington and Jefferson the applicability of expanding the international component of its curriculum. Furthermore, HESPI was able to reassure W&J that it is indeed in the right market for the right time with the right offerings (essentially upwardly mobile middle class families which, unlike other markets, has not disappeared). One concern, which HESPI presented to W&J's Board, centered on the issue of pricing: like other liberal arts colleges, W&J runs the risk of pricing itself out of its market; parents paying large tuitions find themselves close to depriving themselves of their retirements by financing their childrens' private educations.

College of Idaho

The College of Idaho also served as one of HESPI's original test institutions, with particular focus on the financial resources and financial flexibility of the institution. The PISA model seved to identify weaknesses in the College's financial operations, and the project resulted in a restructuring of the College's budget office and budgeting procedures.

Manhattanville College

Manhattanville College also served as one of HESPI's original PISA test institutions, with a focus on the image of the College within its primary market. HESPI also focused on Manhattanville's financial vulnerabilities.

Manhattanville's primary concern was on its position within its primary market, the extremely competitive metropolitan New York area. The area has many small, formerly Catholic, women's colleges, in addition to many other institutions. Prior to going coed, Manhattanville had had a strong image within its market. The shift to a coed student body and the institution of an individualized portfolio system worked well for about a decade, but with changes in student desires, the lines began to blur and its image became fuzzy. Furthermore, Manhattanville faced severe financial difficulties, and tended to stress short term (land sales) solutions. HESPI worked closely with Manhattanville College both on repositioning itself in its market, and in identifying long term financial options.

HESPI also prepared a Board-level case study (to be published by Harvard University) examining the issue of redefining a College's image. The case study focused on opportunities for incoming College presidents, and featured the new Manhattanville president. This case study was presented at a major conference organized and conducted by HESPI at the Aspen Institute at Wye, Maryland, and was used by over 40 college presidents, vice presidents and institutional planners as material for strategic planning training.

ASSOCIATIONS AND AGENCIES

American Association of Colleges of Nursing

This project was a repositioning project for AACN. The Association sought to examine and redefine its position in relation to other professional nursing association. HESPI's work involved an in-depth examination of AACN's program base, an examination of the health care field as it affects AACN priorities, and an examination of AACN's financial base, all in relation to the Associations strengths and weaknesses vis-a-vis other associations. HESPI was chosen for this work because of its expertise in higher ediucation and its ability to work with nursing school deans on the issues affecting their programs. HESPI's work focused on helping deans understand the necessity of strengthening their positions, of how changes in the health field will affect their programs, and how the AACN can help them advance their concerns. One of the major issues addressed was the cost/ benefit ratio of nursing programs; HESPI's work dovetailed with that of Arthur Young, the firm retained by AACN to carry out a detailed cost/benefit study.

West Suburban Regional Academic Consortium

This consortium, a group of twelve institutions in the Chicago suburban area, has asked HESPI to prepare an economic analysis. The focus of the project will be on the strategic positioning of each institution vis-a-vis economic development needs and continuing education. Concern has been expressed at the Coordinating Board level that the necessary information is not available to support certain educational programs. Through an analysis of the high tech, technology dependent, and science and engineering industries of the area, HESPI's analysis will make clear just what types of programs can be supported by available need. Based on the needs and educational mission requirements of the institutions, then, the Coordinating Board will be able to move forward to approve new programs.

COMMUNITY COLLEGES

Northern Virginia Community College

Originally part of HESPI's initial PISA experiment, NVCC allowed HESPI to examine the relationship between education and community development (as opposed to focusing on the state level). There were a number of program findings, the most important of which concerned the fragility of NVCC's pre-

engineering programs. The success of these programs in reality rested on the influx of Vietnamese students in the area, a market which could not support the market over time.

Harford Community College

HESPI was asked to provide training for the Board in strategic thinking. HESPI analyzed Harford's present planning approach and provided suggestions for how to make this process more strategic. In doing this, HESPI was able to illustrate ways in which Harford was not responsive to its changing environment.

Two issues became clear during this project. First, as an example, Harford had insituted a word processing training program, only to be met eventually by declining enrollments. Analysis showed that enrollments had declined because the market had been saturated; Harford had met the need so successfully that the need no longer existed.

Second, Harford needed to formulate an approach to the quality/access vs. vocational training issue. On this front, HESPI worked with Harford to help the Board understand the dimensions of the issue, although no action was immediately taken. Nevertheless, the Harford Board was made aware of the need to understand the issue in relation to the other institutions in the area and in relation to strategic market data.

The above are some examples of the work that HESPI has carried out over the past years. HESPI has also, on many occasions, led training workshops, given presentations, and led workshops and discussions for organizations such as the Council for the Advancement of Private Higher Education, the American Council on Education, the Association of Governing Boards, and the American Association for Higher Education.

F. Summary and Conclusions

Over the course of the three years of FIPSE funding, HESPI has had ample time to reflect upon the success of its project, vis-a-vis the objectives set forth. Several observations have recurred time and again.

HESPI has has the opportunity to work with many different types of institutions and at many levels of the higher education administrative system. The complexity of parts involved, a well as the many actors involved in the process, underscores the fact that HESPI's work is affecting a vast array of higher education leadership.

At the same time, however, it is clear that decision-makers, because they have not been trained in these concepts before, need a lot more analysis and information than they previously realized. There is also great resistance to strategic thinking, because it requires such a radical departure from the

manner in which most leadership have been trained to think. Nevertheless, as economic circumstances change, and the tax base of states can no longer adequately support a broad base of programs, one must expect that there will be a greater tendency for institutional planners to think strategically and consider such factors as the market, market positioning, and market share. HESPI's work with one typical university illustrates this problem: although the President is a strong advocate and strategic thinker, it is only after two years or more that the Deans and Faculty are coming to decision-making in terms of issues such as competitive positioning.

HESPI has also discovered first hand that economic analysis traditionally done for colleges and universities doesn't go far enough to make strategic alternatives clear to decision-makers. HESPI's attention to external economic factors has begun to shift the focus and draw attention to the factors most likely to impinge upon a institution's future. It may take several years before campuses are ready to fully integrate strategic planning into their planning processes.

Finally, the relationship between strategy and quality is not always clear, and a great deal of work remains to be done in this area. Higher education leadership has talked long and often about quality in programs and graduates, but the issue usually isn't addressed in a concrete manner. Until now, not much has been done to link quality, what the market needs, and how market factors and the quality issue interact. This year, as HESPI moves into its project with all of the public universities of Missouri, some of these issues will be met head on, and HESPI hopes to be able to formulate new models which will deal with this issue explicitly.

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* Although not all of HESPI's proposals have been accepted, they are an important part of the dissemination process of the PISA model. Even when not accepted, their presentation aid in teaching higher education administrators what strategic planning is all about. HESPI considers them to be a vital part of our dissemination objective under the FIPSE grant.

HESPI

ATTACHMENTS :

a - FIPSE SUPPORT OF PISA PROJECT

b - SUMMARY REPORT - PISA PROJECT 1983-1986

Attachment (a)

HESPI

FIPSE Support of P.I.S.A. Project
HESPI: Summary 1983 - 1986 (June 30, 1986)

	FIPSE 1 1983	FIPSE 1 1984	FIPSE 2 1984	FIPSE 2 1985	FIPSE 3 1985	FIPSE 3 1986	Total Total
FIPSE I	24,751.44	5,248.56					30,000.00
FIPSE II	0.00		73,443.22	53,036.78			126,480.00
FIPSE III	0.00				43,635.32	46,083.68	89,719.00
Total Funding	24,751.44	5,248.56	73,443.22	53,036.78	43,635.32	46,083.68	246,199.00
Salaries (Genl)	3,806.80	3,710.03	0.00	0.00	0.00	0.00	7,516.83
Exec Salaries	0.00	0.00	16,400.00	8,730.00	16,200.00	20,250.00	61,580.00
Admin Salaries	0.00	0.00	4,283.36	1,381.00	2,994.93	3,773.21	12,432.50
Program Salaries	0.00	0.00	7,150.31	3,833.33	5,746.36	6,050.06	22,780.06
Temp Staff	275.50	0.00	1,189.41	323.35	0.00	0.00	1,788.26
Consultant	10,885.89	0.00	22,133.00	20,294.54	0.00	0.00	53,313.43
Employee Benefits	248.30	0.00	3,629.49	1,152.82	2,015.25	3,443.95	10,489.81
H&L Insurance	994.89	131.89	0.00	0.00	0.00	0.00	1,126.78
Local Travel	67.75	0.00	30.88	12.30	498.46	464.16	1,073.55
Staff Travel	11.58	-320.80	3,071.56	3,496.73	1,240.55	493.04	7,992.66
Local Tvl (Cnslt)	397.39	0.00	0.00	0.00	0.00	0.00	397.39
Consultant Tvl	2,433.26	1,099.55	2,453.91	0.00	0.00	0.00	5,986.72
Contract Services	200.14	0.00	0.00	5,898.48	5,736.28	590.00	12,424.90
Legal Services	2,040.00	50.00	2,913.81	0.00	0.00	0.00	5,003.81
Accounting	580.00	0.00	0.00	310.00	0.00	0.00	890.00
Telephone	1,957.15	238.80	993.31	1,231.14	282.79	152.24	4,855.43
Supplies	486.55	0.00	684.88	0.00	368.72	68.59	1,608.74
Books/Publ	209.80	0.00	74.50	912.49	61.00	105.10	1,362.89
Postage/Frt	161.05	50.50	311.50	164.50	96.75	33.00	817.30
Dupl/Printing	266.26	114.85	1,489.36	717.11	838.80	159.00	3,585.38
Dues/Subsc	353.00	0.00	132.50	42.50	0.00	48.00	576.00
Space Rent	323.47	89.64	0.00	0.00	0.00	0.00	413.11
Advertising	30.00	0.00	0.00	0.00	0.00	0.00	30.00
Workshop/Conf		84.10	375.00	551.51	435.00	2,306.22	3,751.83
Equipment Rent			686.20	1,600.00	800.00	0.00	3,086.20
Unspecified	0.00		0.00	0.00	0.00	0.00	0.00
Indirect Costs			5,440.24	3,919.76	6,343.53	5,611.89	21,315.42
Total Expense	25,728.78	5,248.56	73,443.22	54,571.56	43,658.42	43,548.46	246,199.00

DOE/FIPSE grant funding helped support the "PISA Project", along with funds received for that purpose from other funders, as shown in the exhibit, "Summary Report - PISA PROJECT 1983-1986", which is attached.

HESPI

Higher Education Strategic Planning Institute
Washington - DC

Summary Report - PISA PROJECT 1983-1986

PISA PROJECT R E V E N U E S:	1983	1984	1985	1986	Totals
ARCO Fdtn. Grant			10,000.00		10,000.00
Exxon Fdtn. Grant		30,000.00	49,980.00		79,980.00
MacArthur Fdtn. Grant	15,000.00				15,000.00
Metropolitan Fdtn. Grant			25,000.00		25,000.00
F.I.P.S.E.	24,751.44	78,691.78	96,672.10	46,083.68	246,199.00
Transfers & Other Revenue	14,873.84	21,408.60	0.00	16,845.00	53,127.44
TOTAL REVENUES	54,625.28	130,100.38	181,652.10	62,928.68	429,306.44

E X P E N S E S:	1983	1984	1985	1986	Totals
EXPENSES ON P.I.S.A. PROJECT					
Salaries	4,505.73	52,882.54	69,529.49	34,291.78	161,209.54
Temporary Help	618.67	2,646.85	323.35		3,588.87
Consultants	27,199.75	23,931.20	34,602.53	11,350.94	97,084.42
Benefits & Payroll Taxes	1,804.90	6,612.18	5,644.08	6,350.17	20,411.33
Staff Local Travel	67.75	50.88	0.00	625.75	744.38
Staff Long-Dist Travel	111.82	7,430.83	8,942.34	2,498.71	18,983.70
Consultant Local Travel	466.69	137.18	-37.50	0.00	566.37
Consultant Long-Dist Travel	7,572.83	5,339.62	3,189.28	868.40	16,970.13
Contract Services	1,260.72	8,730.83	11,634.76	590.00	22,216.31
Legal Fees	2,040.00	5,011.67	270.00	0.00	7,321.67
Accounting Services	580.00	812.23	310.00	0.00	1,702.23
Telephone	4,733.30	2,994.85	1,513.93	179.23	9,421.31
Consumable Supplies	689.80	926.86	1,634.16	68.59	3,319.41
Book/Periodicals	234.75	187.17	2,285.42	117.10	2,824.44
Postage/Freight	359.85	606.00	873.37	33.00	1,872.22
Printing & Duplicating	681.23	3,194.98	2,137.81	159.00	6,173.02
Dues/Subscriptions	460.71	184.25	42.50	48.00	735.46
Space Rent	622.56	1,247.35	0.00	0.00	1,869.91
Advertising	30.00	0.00	441.00	24.00	495.00
Workshops/Conference	390.20	1,014.67	15,766.48	2,306.22	19,477.57
Office Equipment Rental	0.00	718.00	2,400.00	0.00	3,118.00
Bank Charges & Interest	194.02	0.00	0.00	0.00	194.02
Indirect Costs	0.00	5,440.24	16,859.02	6,707.87	29,007.13
TOTAL	54,625.28	130,100.38	178,362.02	66,218.76	429,306.44